

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-22

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6169 • Fax (562) 570 -5836

February 19, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file Investment Report for Quarter Ending December 31, 2007.
(Citywide)

DISCUSSION

The Department of Financial Management, City Treasurer's Office, invests City funds in compliance with the California Government Code, Section 53600 et seq., and the City's Investment Policy. As of December 31, 2007, these funds had a market value of approximately \$1.74 billion, with approximately \$655.7 million, or approximately 37 percent of funds, maturing within six months, ensuring that sufficient funds are available to meet the City's budgeted expenditure requirements during this time period.

Compliance

All investment transactions have been executed in conformance with the City's Investment Policy and the California Government Code. According to the California Government Code, the maturity term of all investments is limited to a maximum of five years unless the local agency legislative body gives prior approval to exceed this limitation. The City's Investment Policy currently requires that all funds invested in the City's investment pool not exceed a weighted average maturity of three years. In addition, the Investment Advisory Committee, composed of the Assistant City Auditor, Assistant City Attorney, Director of Financial Management, City Treasurer, Acting City Controller, and the Financial Officers of the Harbor, Water and Community Development Departments, meets quarterly, or as needed, to review investment policies, strategies and performance.

Rating Section

As of the date of this report, we are pleased to report the City's investment holdings carry the highest credit rating of AAA and the lowest volatility rating of S1 by the Standard & Poor's rating agency.

Investment Performance

The City Treasurer's Office invests in a variety of fixed-income securities that vary in maturity from one day to five years (excluding the Health SAVRS loan) as authorized by the City's Investment Policy and the California Government Code. The City's adopted 2008 Investment Policy divides the City's investment portfolio into a short-term and a long-term portfolio whose benchmarks are the 3-Month Treasury Bill and the Merrill Lynch One-to-Three Year Treasury/Agency Index, respectively. Both are market indices that change daily, therefore actual returns can vary depending on book yields and security calls before the final maturity date. The weighted average book yield for the period was 4.85 percent. Book yield represents the actual earnings received on the total Investment Portfolio.

At December 31, 2007, the City's investment pool market yield was 4.44 percent compared to 4.71 percent at September 30, 2007. The following table summarizes Investment Pool market yield performance for the quarter ending December 31, 2007:

Portfolio Funds	Amount of Funds	Quarter End Values		
		Benchmark Return	Weighted Avg Maturity*	Quarter End Yield**
Short-Term Investment Pool	\$ 719,114,527	3.24 percent	1.21 years	4.45 percent
Long-Term Investment Pool	\$ 1,022,911,449	3.30 percent	2.19 years	4.43 percent
Total Investment Pool	\$ 1,742,025,976	3.28 percent	1.78 years	4.44 percent

* Weighted Average Maturity assumes securities are not called or sold prior to the actual maturity date. ** Market Yield of Portfolio

The following table summarizes the purchase yield of the new investments vs. the average Benchmark Yield in the short-term portfolio by month for the quarter ending December 31, 2007:

SHORT-TERM PORTFOLIO

Month	Amount of Funds Invested	Benchmark vs. Purchase Yield Analysis		
		Benchmark Return*	Purchase Yield**	Over/(Under) Benchmark
October 2007	\$ 33,163,000	3.99 percent	4.86 percent	0.87 percentage points
November 2007	\$ 103,685,000	3.33 percent	4.95 percent	1.62 percentage points
December 2007	\$ 107,555,000	3.04 percent	4.49 percent	1.47 percentage points
Total Invested Funds *	\$ 244,403,000	3.29 percent	4.74 percent	1.45 percentage points

* 91-Day T-Bill and other returns listed are weighted averages for the period. Excludes overnight and short-term investments under 30 days. **Book Yields stated to maturity assume the securities are not called or sold prior to the maturity date.

The following table summarizes the purchase yield of the City's new investments vs. the weighted average Benchmark Yield in the long-term portfolio by month for the quarter ending December 31, 2007:

LONG-TERM PORTFOLIO

Month	Amount of Funds Invested	Benchmark vs. Purchase Yield Analysis		
		Benchmark Return*	Purchase Yield**	Over/(Under) Benchmark
October 2007	\$ 55,850,000	4.13 percent	5.09 percent	0.96 percentage points
November 2007	\$ 15,060,000	3.54 percent	4.68 percent	1.14 percentage points
December 2007	\$ 47,105,000	3.35 percent	4.61 percent	1.26 percentage points
Total Invested Funds *	\$ 118,015,000	3.75 percent	4.85 percent	1.10 percentage points

* Merrill Lynch One-to-Three Year Treasury/Agency Index and other returns listed are weighted averages for the period.
 **Yields are stated to maturity and assume the securities are not called or sold prior to the maturity date.

A complete listing of investment balances, portfolio distribution and performance values can be found in **Attachment A**.

The City's investment pool consists of all City funds except Subsidence, certain bond proceeds, and special assessment district proceeds. The non-pooled investments are invested separately in accordance with bond indenture provisions or other legal requirements.

Short-Term Investment Strategy

The City has adopted an investment strategy for the short-term portfolio that maintains sufficient liquidity within a rolling 12-month period to continue to satisfy the City's cash needs.

Long-Term Investment Strategy

The City will continue to weigh new instruments at the 14-month to 24-month part of the yield curve in order to meet or exceed the benchmark yield and duration.

Treasury Bureau staff continues to monitor market conditions and market spreads daily in order to take advantage of opportunities to enhance earnings, while at the same time maintaining safety of principal and adequate liquidity.

Cash Management Goals

The City's cash management goals are to maintain and preserve the safety of funds in custody and provide liquidity for anticipated expenditure needs.

This matter was reviewed by Assistant City Attorney Heather A. Mahood, Budget Management Officer Victoria Bell and the City's Investment Advisory Committee on February 5, 2008.

TIMING CONSIDERATIONS

This item is not time critical.

FISCAL IMPACT

There is no fiscal impact associated with this action. However, recent rate cuts by the Federal Open Market Committee (FOMC) will impact the City's budgeted revenue estimate for portfolio interest earnings. The Treasurer's Office will continue to monitor market conditions accordingly.

SUGGESTED ACTION:


Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:


PATRICK H. WEST
CITY MANAGER

ATTACHMENT

ATTACHMENT A

City of Long Beach Asset Holdings

Month End: 12/31/07

Security Name	Quality Rating	Security (CUSIP)	PAR Value	Book Value	Market Value	Accrued Income	Maturity Date	Market Yield	Effective Duration
CASH & EQUIVALENTS									
Bank Deposits	NA	Total	16,683,012	16,683,012	16,683,012	141,497	1.0	3.02%	0.00
Money Market Funds	NA	Total	60,000	60,000	60,000	250	1.0	1.49%	0.00
L.A.I.F.	NA	Total	119,113,601	119,113,601	119,113,601	1,599,859	1.0	4.77%	0.00
CASH & EQUIVALENTS		TOTAL	135,856,613	135,856,613	135,856,613	1,741,606	1.0	4.55%	0.00

POOLED INVESTMENTS (SHORT)

Bankers Acceptances - Discount		Total	-	-	-	-	-	0.00%	-
BEAR STEARNS COS INC 0.00 02JAN2008	A-1	07389AA29	25,000,000.00	24,958,000.00	24,950,849.04	35,538.46	1/2/08	4.66%	0.01
BEAR STEARNS COS INC 0.00 03JAN2008	A-1	07389AA37	35,000,000.00	34,916,033.33	34,904,382.57	71,971.43	1/3/08	4.12%	0.01
BEAR STEARNS COS INC 0.00 07JAN2008	A-1	07389AA78	10,000,000.00	9,991,036.11	9,986,879.51	1,120.49	1/7/08	4.04%	0.02
BEAR STEARNS COS INC 0.00 11JAN2008	A-1	07389AAB9	10,000,000.00	9,970,600.00	9,968,055.00	14,700.00	1/11/08	4.83%	0.03
BEAR STEARNS COS INC 0.00 14JAN2008	A-1	07389AAE3	10,000,000.00	9,970,250.00	9,968,003.82	10,818.18	1/14/08	4.88%	0.04
BEAR STEARNS COS INC 0.00 25JAN2008	A-1	07389AAR4	10,000,000.00	9,967,361.11	9,963,144.66	1,255.34	1/25/08	4.54%	0.07
FEDERAL HOME LN BK C 0.00 10JAN2008	GOVT	313384RQ4	15,000,000.00	14,962,375.00	14,968,583.33	17,916.67	1/10/08	4.11%	0.02
FEDERAL HOME LN MTG 0.00 31JAN2008	GOVT	313396SM6	10,000,000.00	9,944,000.00	9,948,166.67	19,833.33	1/31/08	4.13%	0.08
FEDERAL HOME LN MTG 0.00 06FEB2008	GOVT	313396ST1	20,000,000.00	19,884,305.56	19,892,233.34	27,766.66	2/6/08	4.18%	0.10
FEDERAL NATL MTG ASS 0.00 24JAN2008	GOVT	313588SE6	20,000,000.00	19,918,777.78	19,928,793.65	23,206.35	1/24/08	4.19%	0.06
FEDERAL NATL MTG ASS 0.00 06FEB2008	GOVT	313588ST3	30,000,000.00	29,800,025.00	29,811,043.10	68,956.90	2/6/08	4.15%	0.10
LEHMAN BROTHERS HLDGS INC	A-1+	52517JA21	80,000,000.00	79,981,555.56	79,971,267.85	6,148.15	1/2/08	2.77%	0.01
TOYOTA MTR CR CORP D 0.00 03JAN2008	A-1+	89233GA30	25,000,000.00	24,992,083.33	24,981,790.83	1,979.17	1/3/08	2.85%	0.01
Commercial Paper - Discount		Total	300,000,000	299,256,403	299,243,193	301,211.13	12.5	3.77%	0.04
Certificates of Deposits		Total	-	-	-	-	-	0.00%	-
Reverse Repurchase Agreements		Total	-	-	-	-	-	0.00%	-
Repurchase Agreements		Total	-	-	-	-	-	0.00%	-

ATTACHMENT A

City of Long Beach Asset Holdings

Month End: 12/31/07

Security Name	Quality Rating	Security (CUSIP)	PAR Value	Book Value	Market Value	Accrued Income	Maturity Date	Market Yield	Effective Duration
FEDERAL FARM CR BKS C 5.1 09APR2010	GOVT	31331X5D0	10,000,000.00	10,001,800.00	10,000,000.00	116,166.60	4/9/10	5.10%	0.62
FEDERAL HOME LN MTG C 3.5 01APR2008	GOVT	3128X03N7	5,000,000.00	4,900,800.00	4,985,937.50	43,750.00	4/1/08	3.51%	0.24
FEDERAL HOME LN MTG C 5.0 23JUL2008	GOVT	3128X4YE5	5,000,000.00	4,988,750.00	5,016,900.00	109,722.20	7/23/08	4.98%	0.54
FEDERAL HOME LN MTG 5.5 01MAY2012	GOVT	3128X54V7	10,000,000.00	9,996,875.00	10,054,400.00	91,666.60	5/1/12	5.47%	0.50
FEDERAL HOME LN MTG 5.25 06OCT2011	GOVT	3128X5LP1	5,000,000.00	4,992,700.00	5,032,400.00	61,979.15	10/6/11	5.22%	1.05
FEDERAL HOME LN MTG 5.19 04JUN2010	GOVT	3128X6AF3	7,000,000.00	7,041,370.00	7,069,860.00	27,247.50	6/4/10	5.14%	0.97
FEDERAL HOME LN MTG C 5.7 12JUN2012	GOVT	3128X6BP0	17,000,000.00	16,972,000.00	17,137,360.00	51,141.61	6/12/12	5.65%	0.54
FEDERAL HOME LN BKS 4.9 24JUL2008	GOVT	3133XEEH8	6,000,000.00	5,978,040.00	6,016,875.00	128,216.64	7/24/08	4.89%	0.54
FEDERAL HOME LN BKS 5.6 09JAN2012	GOVT	3133XJKW7	3,970,000.00	3,959,082.50	3,971,240.63	106,219.53	1/9/12	5.60%	0.46
FEDERAL HOME LN BKS 5.75 27AUG2012	GOVT	3133XM5S6	4,500,000.00	4,500,000.00	4,512,656.25	89,124.98	8/27/12	5.73%	0.31
FEDERAL HOME LN BKS 5.125 24OCT2011	GOVT	3133XMJD4	5,000,000.00	5,000,000.00	5,020,312.50	47,690.95	10/24/11	5.10%	0.50
FEDERAL HOME LN BKS 4.7 09OCT2008	GOVT	3133XMKW0	7,000,000.00	7,000,000.00	7,008,750.00	74,938.85	10/9/08	4.69%	0.42
FEDERAL HOME LN BKS 5.25 25OCT2011	GOVT	3133XMPC9	4,060,000.00	4,060,000.00	4,063,806.25	39,077.50	10/25/11	5.25%	0.78
FEDERAL HOME LN BKS 4.875 03NOV2011	GOVT	3133XMS77	10,000,000.00	10,000,000.00	10,081,250.00	81,250.00	11/3/11	4.84%	1.14
FEDERAL HOME LN BKS 5.25 05NOV2012	GOVT	3133XMUT6	7,000,000.00	7,000,000.00	7,004,375.00	57,166.62	11/5/12	5.25%	1.16
FEDERAL HOME LN BKS 4.625 13NOV2009	GOVT	3133XMW64	7,000,000.00	7,000,000.00	7,017,500.00	51,406.25	11/13/09	4.61%	0.52
FEDERAL HOME LN BKS 5.25 08NOV2012	GOVT	3133XN2B4	15,000,000.00	15,000,000.00	15,018,750.00	113,749.95	11/8/12	5.24%	1.09
FEDERAL HOME LN BKS 4.65 20NOV2009	GOVT	3133XN6K0	18,000,000.00	17,994,000.00	18,016,875.00	95,324.94	11/20/09	4.65%	0.67
FEDERAL HOME LN BKS 5.1 19NOV2012	GOVT	3133XNAD1	7,000,000.00	7,000,000.00	7,030,625.00	41,650.00	11/19/12	5.08%	0.83
FEDERAL HOME LN BKS 5.125 05DEC2012	GOVT	3133XNHJ1	8,000,000.00	8,000,000.00	8,017,500.00	29,611.04	12/5/12	5.11%	1.14
FEDERAL HOME LN BKS 5.0 06DEC2012	GOVT	3133XNJG5	8,000,000.00	8,000,000.00	8,005,000.00	27,777.76	12/6/12	5.00%	1.31
FEDERAL NATL MTG ASS 5.25 11JAN2010	GOVT	31359M3X9	5,000,000.00	5,006,000.00	5,001,562.50	123,958.30	1/11/10	5.25%	0.16
FEDERAL NATL MTG ASS 5.375 01FEB2010	GOVT	31359M4Q3	7,000,000.00	6,998,250.00	7,008,750.00	156,770.81	2/1/10	5.37%	0.08
FEDERAL NATL MTG ASS 4.2 16JUN2008	GOVT	31359MD26	5,000,000.00	4,932,800.00	4,992,187.50	8,750.00	6/16/08	4.21%	0.45
FEDERAL NATL MTG ASSN 5.3 22FEB2011	GOVT	31359MH48	5,000,000.00	4,932,500.00	5,001,562.50	94,958.30	2/22/11	5.30%	1.06
FEDERAL NATL MTG ASSN 5.1 22FEB2008	GOVT	31359MH71	5,000,000.00	4,984,375.00	5,003,125.00	91,375.00	2/22/08	5.10%	0.14
FEDERAL NATL MTG ASS 5.75 09JUN2011	GOVT	31359MP80	10,000,000.00	10,061,600.00	10,065,625.00	35,138.80	6/9/11	5.71%	0.43
FEDERAL NATL MTG ASS 4.65 27FEB2012	GOVT	3136F5BV2	7,000,000.00	7,058,041.67	7,002,187.50	112,116.62	2/27/12	4.65%	0.61
FEDERAL NATL MTG ASS 5.15 08MAR2012	GOVT	3136F6P60	10,000,000.00	10,000,000.00	10,025,000.00	161,652.70	3/8/12	5.14%	0.53
FEDERAL NATL MTG ASS 4.125 04AUG2008	GOVT	3136F6WK1	5,000,000.00	4,907,350.00	4,992,187.50	84,218.75	8/4/08	4.13%	0.41
FEDERAL NATL MTG ASS 5.16 24FEB2011	GOVT	3136F7UX3	5,000,000.00	4,939,800.00	5,067,187.50	91,016.65	2/24/11	5.09%	1.29
FEDERAL NATL MTG ASSN 5.5 21MAR2012	GOVT	3136F8HT5	10,000,000.00	10,000,000.00	10,037,500.00	152,777.70	3/21/12	5.48%	0.36
FEDERAL NATL MTG ASSN 5.3 01NOV2012	GOVT	3136F8US2	7,700,000.00	7,700,000.00	7,733,687.50	68,016.64	11/1/12	5.28%	0.71
FEDERAL NATL MTG ASSN 5.0 27JUN2012	GOVT	3136F8ZS7	6,990,000.00	6,990,000.00	7,027,134.38	3,883.29	6/27/12	4.97%	0.88
U.S. Agencies		Total	258,220,000	257,896,134	259,040,070	2,669,512	1,195.9	5.09%	0.68

ATTACHMENT A

City of Long Beach Asset Holdings

Month End: 12/31/07

Security Name	Quality Rating	Security (CUSIP)	PAR Value	Book Value	Market Value	Accrued Income	Maturity Date	Market Yield	Effective Duration
U.S. Treasuries		Total	-	-	-	-	-	0.00%	-
TOYOTA MTR CR CORP M 5.35 01FEB2008	AAA	89233PC20	10,000,000.00	10,000,000.00	10,003,000.00	222,916.60	2/1/08	5.35%	0.08
TOYOTA MTR CR CORP ME 4.8 06OCT2008	AAA	89233PL20	15,000,000.00	15,000,000.00	14,971,650.00	171,999.90	10/6/08	4.81%	0.73
Corporate Notes		Total	25,000,000	25,000,000	24,974,650	394,917	180.0	5.03%	0.47
POOLED INVESTMENTS (SHORT)		TOTAL	583,220,000	582,152,537	583,257,913	3,365,640	547.7	4.41%	0.34
SHORT TERM FUNDS		TOTAL	719,076,613	718,009,150	719,114,527	5,107,246	443.8	4.45%	0.28

ATTACHMENT A

City of Long Beach Asset Holdings

Month End: 12/31/07

Security Name	Quality Rating	Security (CUSIP)	PAR Value	Book Value	Market Value	Accrued Income	Maturity Date	Market Yield	Effective Duration
POOLED INVESTMENTS (LONG TERM)									
FEDERAL FARM CR BKS C 4.3 11AUG2008	GOVT	31331S2S1	5,000,000	5,000,000.00	4,998,437.50	83,611.10	8/11/08	4.30%	0.59
FEDERAL FARM CR BKS C 3.7 27OCT2008	GOVT	31331SDZ3	5,000,000	4,959,375.00	4,979,687.50	32,888.85	10/27/08	3.72%	0.49
FEDERAL FARM CR BKS C 3.3 05NOV2008	GOVT	31331SFP3	10,000,000	9,790,000.00	9,928,125.00	51,333.30	11/5/08	3.32%	0.82
FEDERAL FARM CR BKS C 3.7 29DEC2008	GOVT	31331SKS1	5,000,000	4,905,350.00	4,984,375.00	1,027.75	12/29/08	3.71%	0.97
FEDERAL FARM CR BKS 3.75 15JAN2009	GOVT	31331SNF6	11,990,000	11,852,016.00	11,960,025.00	207,327.00	1/15/09	3.38%	0.99
FEDERAL FARM CR BKS 4.125 17JUL2009	GOVT	31331SQ89	5,000,000	4,993,100.00	5,037,500.00	93,958.30	7/19/09	4.09%	1.46
FEDERAL FARM CR BKS 3.9 24FEB2009	GOVT	31331SQN6	5,000,000	4,918,603.36	5,000,000.00	68,791.65	2/24/09	3.90%	1.10
FEDERAL FARM CR BKS 3.93 02JUN2008	GOVT	31331SYP2	1,015,000	1,006,321.75	1,012,462.50	3,213.32	6/2/08	3.94%	0.41
FEDERAL FARM CR BKS 4.5 28JAN2008	GOVT	31331VEC6	5,000,000	4,978,650.00	5,000,000.00	95,625.00	1/28/08	4.50%	0.07
FEDERAL FARM CR BKS 5.25 22MAR2012	GOVT	31331XTG7	5,740,000	5,735,515.63	5,795,606.25	82,871.25	3/22/12	5.20%	0.89
FEDERAL FARM CR BKS 4.875 05DEC2012	GOVT	31331YGL8	5,000,000	5,000,000.00	5,010,937.50	17,604.15	12/5/12	4.86%	1.79
FEDERAL FARM CR BKS C 4.9 19JUN2012	GOVT	31331YJK7	8,000,000	7,997,600.00	8,012,500.00	13,066.64	6/19/12	4.89%	1.02
FEDERAL HOME LN BKS 3.375 19DEC2008	GOVT	31339XC28	5,000,000	4,871,400.00	4,967,187.50	5,625.00	12/19/08	3.40%	0.79
FEDERAL HOME LN BKS 3.375 21JUL2008	GOVT	31339YVV1	5,000,000	4,873,850.00	4,973,437.50	75,000.00	7/21/08	3.39%	0.54
FEDERAL HOME LN BKS 3.375 FEB 15 08	GOVT	3133MVZA4	5,000,000	4,886,650.00	4,992,187.50	63,750.00	2/15/08	3.38%	0.12
FEDERAL HOME LN BKS 3.75 15AUG2008	GOVT	3133X0LJ6	1,925,000	1,885,479.75	1,918,382.81	27,270.82	8/15/08	3.76%	0.60
FEDERAL HOME LN BKS 3.5 13FEB2009	GOVT	3133X3YY3	4,105,000	3,999,542.55	4,085,757.81	54,277.21	2/13/09	3.52%	1.07
FEDERAL HOME LN BKS 3.85 20OCT2009	GOVT	3133X5KS6	5,000,000	4,918,850.00	4,993,750.00	37,965.25	10/20/09	3.85%	0.76
FEDERAL HOME LN BKS 3.85 23OCT2009	GOVT	3133X5RT7	2,980,000	2,931,455.80	2,976,275.00	21,671.22	10/23/09	3.85%	0.77
FEDERAL HOME LN BKS 4.0 10MAR2008	GOVT	3133XAT56	12,835,000	12,683,415.88	12,818,956.25	158,298.29	3/10/08	4.01%	0.19
FEDERAL HOME LN BKS 4.125 APR 18 08	GOVT	3133XBJQ9	5,000,000	4,937,415.20	4,993,750.00	41,822.90	4/18/08	4.13%	0.29
FEDERAL HOME LN BKS 4.25 16MAY2008	GOVT	3133XBSD8	8,510,000	8,419,028.10	8,499,362.50	45,209.38	5/16/08	4.26%	0.37
FEDERAL HOME LN BKS 4.375 14MAR2008	GOVT	3133XCUC4	5,000,000	4,999,350.00	4,996,875.00	65,017.35	3/14/08	4.38%	0.20
FEDERAL HOME LN BKS 4.375 03OCT2008	GOVT	3133XDBY6	7,000,000	6,892,830.00	6,997,812.50	74,861.08	10/3/08	4.38%	0.73
FEDERAL HOME LN BKS 5.125 16APR2008	GOVT	3133XH3B6	7,000,000	6,995,100.00	7,010,937.50	74,739.56	4/16/08	5.12%	0.29
FEDERAL HOME LN BKS 5.45 17OCT2011	GOVT	3133XH4Q2	2,415,000	2,423,452.50	2,444,432.81	27,054.69	10/17/11	5.38%	0.89
FEDERAL HOME LN BKS 5.65 12OCT2011	GOVT	3133XH6K3	5,000,000	5,000,000.00	5,003,125.00	61,993.05	10/12/11	5.65%	0.85
FEDERAL HOME LN BKS 5.25 03NOV2009	GOVT	3133XHNL2	6,000,000	5,997,600.00	6,065,625.00	50,749.98	11/3/09	5.19%	0.84
FEDERAL HOME LN BKS 5.5 21NOV2011	GOVT	3133XHP89	5,000,000	5,022,000.00	5,070,312.50	30,555.55	11/21/11	5.42%	1.02
FEDERAL HOME LN BKS 5.33 03NOV2011	GOVT	3133XHPK2	12,000,000	12,024,850.00	12,142,500.00	103,046.64	11/3/11	5.27%	0.95
FEDERAL HOME LN BKS 5.45 21NOV2011	GOVT	3133XHV66	16,350,000	16,398,539.06	16,452,187.50	99,008.24	11/21/11	5.42%	0.51
FEDERAL HOME LN BKS 5.075 30DEC2009	GOVT	3133XJD47	5,000,000	5,000,000.00	5,026,562.50	704.85	12/30/09	5.05%	0.56
FEDERAL HOME LN BKS 5.25 23JAN2012	GOVT	3133XJLH9	8,000,000	7,968,000.00	8,115,000.00	184,333.28	1/23/12	5.18%	1.30
FEDERAL HOME LN BKS 5.45 09FEB2012	GOVT	3133XJSQ2	6,000,000	6,008,040.00	6,105,000.00	128,983.32	2/9/12	5.36%	1.29
FEDERAL HOME LN BKS 5.28 27APR2012	GOVT	3133XKEX9	4,330,000	4,320,474.00	4,378,712.50	40,644.24	4/27/12	5.22%	1.05
FEDERAL HOME LN BKS 5.25 30APR2010	GOVT	3133XKLR4	7,000,000	6,999,453.13	7,026,250.00	62,270.81	4/30/10	5.23%	0.40
FEDERAL HOME LN BKS 5.375 21MAY2012	GOVT	3133XKVM4	7,845,000	7,820,680.50	7,945,514.06	46,852.07	5/21/12	5.31%	1.10

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Security Name	Quality Rating	Security (CUSIP)	PAR Value	Book Value	Market Value	Accrued Income	Maturity Date	Market Yield	Effective Duration
FEDERAL HOME LN BKS 5.125 05AUG2009	GOVT	3133XLUM3	5,000,000	5,051,300.00	5,115,625.00	106,770.80	8/5/09	5.01%	1.49
FEDERAL HOME LN BKS 4.375 22OCT2010	GOVT	3133XMES6	7,000,000	6,976,270.00	7,140,000.00	58,697.87	10/22/10	4.29%	2.61
FEDERAL HOME LN BKS 5.25 16OCT2012	GOVT	3133XMG70	7,000,000	7,000,000.00	7,070,000.00	76,562.50	10/16/12	5.20%	1.05
FEDERAL HOME LN BKS 5.02 22OCT2012	GOVT	3133XMKS9	5,000,000	5,000,000.00	5,112,500.00	48,108.30	10/22/12	4.91%	2.25
FEDERAL HOME LN BKS 5.25 23OCT2012	GOVT	3133XMMN8	5,000,000	5,000,000.00	5,068,750.00	49,583.30	10/23/12	5.18%	1.88
FEDERAL HOME LN BKS 5.05 01NOV2012	GOVT	3133XMR52	8,000,000	8,060,000.00	8,120,000.00	67,333.28	11/1/12	4.98%	1.88
FEDERAL HOME LN BKS 4.25 20NOV2009	GOVT	3133XMSQ5	7,000,000	6,998,810.00	7,085,312.50	51,236.08	11/20/09	4.20%	1.79
FEDERAL HOME LN BKS 4.875 27NOV2012	GOVT	3133XNBB4	7,000,000	7,000,000.00	7,137,812.50	32,229.12	11/27/12	4.78%	2.49
FEDERAL HOME LN BKS 4.75 27NOV2012	GOVT	3133XNCG2	7,000,000	7,000,000.00	7,074,375.00	31,402.77	11/27/12	4.70%	2.17
FEDERAL HOME LN BKS 4.52 04DEC2012	GOVT	3133XNKE8	7,000,000	6,997,812.50	7,041,562.50	23,730.00	12/4/12	4.49%	2.38
FEDERAL HOME LN MTG C 3.5 01APR2008	GOVT	3128X03N7	8,000,000	7,842,240.00	7,977,500.00	70,000.00	4/1/08	3.51%	0.24
FEDERAL HOME LN MTG C 4.0 20MAY2010	GOVT	3128X1BE6	7,000,000	6,949,687.50	6,989,010.00	31,888.85	5/20/10	4.01%	0.25
FEDERAL HOME LN MTG 3.755 18MAR2009	GOVT	3128X2P90	5,000,000	4,940,274.00	4,990,625.00	53,717.35	3/18/09	3.76%	1.16
FEDERAL HOME LN MTG 3.625 03FEB2009	GOVT	3128X2QF5	5,350,000	5,266,914.50	5,331,917.00	79,729.82	2/3/09	3.64%	1.04
FEDERAL HOME LN MTG 3.875 03MAR2008	GOVT	3128X34Z3	4,040,000	3,933,626.80	4,034,869.20	51,313.58	3/3/08	3.88%	0.17
FEDERAL HOME LN MTG 3.63 09MAY2008	GOVT	3128X3G31	7,670,000	7,554,950.00	7,642,157.90	40,216.34	5/9/08	3.64%	0.35
FEDERAL HOME LN MTG 4.125 01SEP2009	GOVT	3128X3VA8	3,000,000	2,974,380.00	3,025,110.00	41,250.00	9/1/09	4.09%	1.58
FEDERAL HOME LN MTG C 4.3 05MAY2008	GOVT	3128X4AS0	8,000,000	7,923,440.00	7,990,800.00	53,511.04	5/5/08	4.30%	0.34
FEDERAL HOME LN MTG 4.25 23JUN2008	GOVT	3128X4DA6	4,700,000	4,640,357.00	4,693,702.00	4,438.87	6/23/08	4.26%	0.47
FEDERAL HOME LN MTG CORP MEDIU 0.0	GOVT	3128X4F30	10,000,000	9,972,300.00	10,000,300.00	190,777.70	2/15/08	5.05%	0.12
FEDERAL HOME LN MTG C 4.5 04AUG2008	GOVT	3128X4FF3	2,135,000	2,115,315.30	2,136,750.70	39,230.63	8/4/08	4.50%	0.57
FEDERAL HOME LN MTG 5.25 24FEB2011	GOVT	3128X4N56	5,000,000	4,938,900.00	5,067,250.00	92,604.15	2/24/11	5.18%	1.29
FEDERAL HOME LN MTG C 4.9 03NOV2008	GOVT	3128X4ST9	10,000,000	9,990,500.00	10,064,400.00	78,944.40	11/3/08	4.87%	0.81
FEDERAL HOME LN MTG 5.25 03APR2012	GOVT	3128X52N7	7,000,000	6,998,906.25	7,083,790.00	89,833.31	4/3/12	5.19%	1.73
FEDERAL HOME LN MTG 5 28MAY2010	GOVT	3128X56P8	10,000,000	10,000,000.00	10,146,500.00	45,833.30	5/28/10	4.93%	1.50
FEDERAL HOME LN MTG 5.75 23MAY2011	GOVT	3128X5AD0	5,000,000	4,986,500.00	5,019,950.00	30,347.20	5/23/11	5.73%	0.59
FEDERAL HOME LN MTG 5.375 08FEB2010	GOVT	3128X5C48	5,000,000	5,001,350.00	5,007,031.25	106,753.45	2/8/10	5.37%	0.10
FEDERAL HOME LN MTG C 6.0 18JUL2011	GOVT	3128X5ER5	10,000,000	10,000,000.00	10,114,062.50	271,666.60	7/18/11	5.93%	0.54
FEDERAL HOME LN MTG 5.75 20JUL2011	GOVT	3128X5EX2	5,000,000	5,000,000.00	5,147,300.00	128,576.35	7/20/11	5.59%	1.58
FEDERAL HOME LN MTG 5.75 11AUG2011	GOVT	3128X5FW3	10,000,000	10,021,745.00	10,114,800.00	223,611.10	8/11/11	5.68%	0.59
FEDERAL HOME LN MTG 5.41 28AUG2009	GOVT	3128X5HN1	5,000,000	5,000,000.00	5,047,656.25	92,420.80	8/28/09	5.36%	1.55
FEDERAL HOME LN MTG 5.45 02SEP2011	GOVT	3128X5JJ8	22,000,000	22,026,458.61	22,227,700.00	396,335.94	9/2/11	5.39%	0.71
FEDERAL HOME LN MTG 5.125 24NOV2010	GOVT	3128X5PV4	13,000,000	12,998,437.50	13,119,990.00	68,475.68	11/24/10	5.08%	0.98
FEDERAL HOME LN MTG 5.25 15MAR2012	GOVT	3128X5R75	14,000,000	13,972,280.00	14,079,240.00	216,416.62	3/15/12	5.22%	1.08
FEDERAL HOME LN MTG C 5.3 09JAN2012	GOVT	3128X5WL8	10,000,000	10,000,000.00	10,110,000.00	253,222.20	1/9/12	5.24%	1.33
FEDERAL HOME LN MTG 5.5 15FEB2012	GOVT	3128X5YX0	5,000,000	5,000,000.00	5,050,050.00	103,888.85	2/15/12	5.45%	0.73
FEDERAL HOME LN MTG 5.19 04JUN2010	GOVT	3128X6AF3	10,000,000	10,000,000.00	10,099,800.00	38,925.00	6/4/10	5.14%	0.97
FEDERAL HOME LN MTG 5.25 10SEP2010	GOVT	3128X6LG9	10,000,000	10,000,000.00	10,077,400.00	161,875.00	9/10/10	5.21%	0.74
FEDERAL HOME LN MTG 5.05 15OCT2012	GOVT	3128X6NS1	7,000,000	7,000,000.00	7,163,800.00	74,627.77	10/15/12	4.93%	2.20

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FEDERAL HOME LN MTG C 4.6 04DEC2012	GOVT	3128X6SQ0	7,000,000	7,000,000.00	7,059,486.00	24,150.00	12/4/12	4.56%	2.28
FEDERAL HOME LN MTG 4.55 10DEC2012	GOVT	3128X6TU0	8,215,000	8,159,959.50	8,276,752.16	21,803.92	12/10/12	4.52%	2.35
FEDERAL NATL MTG ASS 5.25 22JAN2010	GOVT	31359M4L4	7,000,000	7,013,230.00	7,050,312.50	162,312.50	1/22/10	5.21%	0.56
FEDERAL NATL MTG ASSN 5.3 26FEB2010	GOVT	31359M5N9	20,000,000	20,009,100.00	20,037,500.00	368,055.40	2/26/10	5.29%	0.15
FEDERAL NATL MTG ASS 4.75 19APR2010	GOVT	31359MB28	9,615,000	9,532,449.60	9,840,351.56	91,342.50	4/19/10	4.64%	2.15
FEDERAL NATL MTG ASS 4.75 01FEB2008	GOVT	31359MF65	5,000,000	4,938,385.00	5,000,000.00	98,958.30	2/1/08	4.75%	0.08
FEDERAL NATL MTG ASSN 5.3 22FEB2011	GOVT	31359MH48	7,000,000	6,941,200.00	7,002,187.50	132,941.62	2/22/11	5.30%	1.06
FEDERAL NATL MTG ASS 5.25 17MAR2011	GOVT	31359MK77	7,000,000	6,989,062.50	7,013,125.00	111,222.16	3/17/11	5.24%	0.45
FEDERAL NATL MTG ASSN 5.7 12MAY2011	GOVT	31359MN41	20,000,000	19,996,237.50	20,125,000.00	155,166.60	5/12/11	5.66%	0.36
FEDERAL NATL MTG ASSN 3.25 15JAN 200	GOVT	31359MQM8	15,000,000	14,658,471.47	14,990,625.00	224,791.65	1/15/08	3.25%	0.04
FEDERAL NATL MTG ASSN	GOVT	31359MSC8	15,000,000	14,970,000.00	14,920,312.50	36,562.50	6/14/08	3.27%	0.42
FEDERAL NATL MTG ASS 3.75 15SEP2008	GOVT	31359MTF0	18,597,000	18,348,930.00	18,533,072.81	205,341.75	9/15/08	3.76%	0.68
FEDERAL NATL MTG ASS 3.85 14APR2009	GOVT	31359MUW1	2,925,000	2,866,587.75	2,926,828.13	24,086.56	4/14/09	3.85%	1.23
FEDERAL NATL MTG ASSN 4.0 26JAN2009	GOVT	31359MXL2	17,908,000	17,588,311.06	17,913,596.25	308,415.52	1/26/09	4.00%	1.02
FEDERAL NATL MTG ASSN 4.5 04AUG2008	GOVT	31359MYM9	7,000,000	6,932,520.00	7,006,562.50	128,625.00	8/4/08	4.50%	0.57
FEDERAL NATL MTG ASSN M/T/N	GOVT	3136F3Q58	10,000,000	10,000,000.00	9,928,125.00	139,791.60	7/16/08	3.07%	0.52
FEDERAL NATL MTG ASS 3.21 23JUL2008	GOVT	3136F3V86	5,000,000	5,000,000.00	4,968,750.00	70,441.65	7/23/08	3.23%	0.53
FEDERAL NATL MTG ASSN 3.7 06APR2009	GOVT	3136F5KL4	5,000,000	4,884,750.00	4,987,500.00	43,680.55	4/6/09	3.71%	0.69
FEDERAL NATL MTG ASS 3.31 30MAR2009	GOVT	3136F5MG3	2,210,000	2,145,512.20	2,196,187.50	18,287.75	3/30/09	3.33%	1.20
FEDERAL NATL MTG ASSN MEDIUM	GOVT	3136F6NZ8	20,000,000	19,972,000.00	19,987,500.00	51,750.00	12/8/08	4.00%	0.62
FEDERAL NATL MTG ASSN 4.5 03DEC2009	GOVT	3136F6QT9	5,000,000	4,954,687.50	5,004,687.50	17,500.00	12/3/09	4.50%	0.71
FEDERAL NATL MTG ASS 5.25 29SEP2009	GOVT	3136F72R7	5,000,000	5,000,000.00	5,046,875.00	67,083.30	9/29/09	5.20%	0.74
FEDERAL NATL MTG AS 5.625 19MAY2011	GOVT	3136F7B48	8,000,000	8,009,500.00	8,192,500.00	52,500.00	5/19/11	5.49%	1.47
FEDERAL NATL MTG ASS 5.34 22FEB2011	GOVT	3136F7VJ3	10,000,000	9,989,843.75	10,018,750.00	191,350.00	2/22/11	5.33%	0.14
FEDERAL NATL MTG ASS 5.625 19MAY2011	GOVT	3136F7ZL4	5,000,000	5,009,100.00	5,032,812.50	32,812.50	5/19/11	5.59%	0.38
FEDERAL NATL MTG ASSN 5.4 21MAR2012	GOVT	3136F8HD0	7,000,000	6,984,687.50	7,024,062.50	105,000.00	3/21/12	5.38%	0.42
FEDERAL NATL MTG ASS 5.5 21MAR2012	GOVT	3136F8HT5	7,000,000	6,998,250.00	7,026,250.00	106,944.39	3/21/12	5.48%	0.36
FEDERAL NATL MTG ASS 5.25 17SEP2012	GOVT	3136F8SN6	5,000,000	5,000,000.00	5,037,500.00	75,833.30	9/17/12	5.21%	1.07
FEDERAL NATL MTG ASS 5.35 10OCT2012	GOVT	3136F8TN5	12,000,000	12,000,000.00	12,127,500.00	144,450.00	10/10/12	5.29%	1.02
FEDERAL NATL MTG ASS 5.27 10OCT2012	GOVT	3136F8TT2	5,000,000	5,000,000.00	5,050,000.00	59,287.50	10/10/12	5.22%	1.05
FEDERAL NATL MTG ASSN 4.3 03DEC2012	GOVT	3136F8XV2	5,000,000	5,000,000.00	5,018,750.00	16,722.20	12/3/12	4.28%	3.64
FEDERAL NATL MTG ASS 5.3 07MAY2012	GOVT	31398ABC5	12,000,000	11,986,560.00	12,142,500.00	95,400.00	5/7/12	5.24%	1.01
U.S. Agencies		Total	819,405,000	815,426,079	823,724,911	9,391,720	896.1	4.68%	0.90
UNITED STATES TREAS N 3.0 15FEB2008	GOVT	912828AT7	5,000,000	4,882,812.50	4,998,050.00	56,657.60	2/15/08	3.00%	0.12
UNITED STATES TREAS 2.625 15MAY2008	GOVT	912828AZ3	20,000,000	19,307,150.14	19,948,400.00	67,788.40	5/15/08	2.63%	0.37
UNITED STATES TREAS 3.250 AUG 15 08	GOVT	912828BG4	5,000,000	4,868,750.00	4,997,656.25	61,379.05	8/15/08	3.25%	0.61
UNITED STATES TREAS 3.125 SEP 15 08	GOVT	912828BK5	15,000,000	14,637,890.63	14,975,400.00	139,079.55	9/15/08	3.13%	0.69

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Security Name	Quality Rating	Security (CUSIP)	PAR Value	Book Value	Market Value	Accrued Income	Maturity Date	Market Yield	Effective Duration
UNITED STATES TREAS 3.125 OCT 15 08	GOVT	912828BM1	10,000,000	9,742,578.13	9,982,812.50	66,598.30	10/15/08	3.13%	0.77
UNITED STATES TREAS 3.375 NOV 15 08	GOVT	912828BQ2	10,000,000	9,832,812.50	9,999,200.00	43,578.20	11/15/08	3.38%	0.85
UNITED STATES TREAS 3.25 15JAN2009	GOVT	912828BV1	5,000,000	4,836,328.13	5,008,593.75	75,067.90	1/15/09	3.24%	1.00
UNITED STATES TREAS 3.000 FEB 15 09	GOVT	912828BZ2	5,000,000	4,866,015.00	4,993,750.00	56,657.60	2/15/09	3.00%	1.09
UNITED STATES TREAS 2.625 15MAR2009	GOVT	912828CC2	15,000,000	14,307,031.26	14,910,937.50	116,826.90	3/15/09	2.64%	1.17
UNITED STATES TREAS 3.125 15APR2009	GOVT	912828CE8	15,000,000	14,640,234.38	15,007,031.25	99,897.45	4/15/09	3.12%	1.25
UNITED STATES TREAS 3.625 15JUL2009	GOVT	912828CN8	5,000,000	4,904,687.50	5,039,843.75	83,729.60	7/15/09	3.60%	1.47
UNITED STATES TREAS 3.375 15FEB2008	GOVT	912828DK3	15,000,000	14,892,968.76	15,001,200.00	191,219.40	2/15/08	3.37%	0.12
U.S. Treasuries		Total	125,000,000	121,719,259	124,862,875	1,058,480	281.6	3.06%	0.75
BANK OF AMERICA CORP 3.250 AUG 15 08	AA-	060505BC7	5,000,000	4,985,100.00	4,968,800.00	61,388.85	8/15/08	3.27%	0.60
GENERAL ELEC CAP COR 4.25 13SEP2010	AAA	36962GK78	5,000,000	4,894,400.00	4,982,350.00	63,750.00	9/13/10	4.27%	2.49
GENERAL ELEC CAP CO 5.72 22AUG2011	AAA	36962GX82	12,500,000	12,541,650.00	12,577,250.00	315,791.63	8/22/11	5.68%	1.48
GENERAL ELEC CAP CO 4.625 15SEP2009	AAA	36962GZH0	7,000,000	6,966,750.00	7,034,720.00	95,326.35	9/15/09	4.60%	1.59
TOYOTA MTR CR CORP M 5.24 02MAY2008	AAA	89233PE93	10,000,000	10,000,000.00	10,007,300.00	85,877.70	5/2/08	5.24%	0.33
Corporate Bonds		Total	39,500,000	39,387,900	39,570,420	622,135	720.7	4.90%	1.23
Asset Backed Securities		Total	-	-	-	-	-	0.00%	-
Bankers Acceptance		Total	-	-	-	-	-	0.00%	-
Commercial Paper - Discount		Total	-	-	-	-	-	0.00%	-
Certificates of Deposits		Total	-	-	-	-	-	0.00%	-
Corporate Notes		Total	-	-	-	-	-	0.00%	-
COLLATERAL ASSETS		31339XHJ6	5,000,000	4,999,794	4,983,368	40,639	3/26/08	3.09%	0.49
Collateral		Total	5,000,000	4,999,794	4,983,368	40,639	86.0	3.09%	0.49
POOLED INVESTMENTS (LONG TERM)		TOTAL	988,905,000	981,533,032	993,141,574	11,112,973	808.0	4.48%	0.89
POOLED INVESTMENTS (TOTAL)		TOTAL	1,572,125,000	1,563,685,569	1,576,399,488	14,478,613	712.0	4.45%	0.69

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EXTERNAL INVESTMENTS (LONG TERM)										
FEDERAL HOME LN BKS 3.375 21JUL2008	GOVT	31339YVV1	10,000,000	10,065,625	9,946,875	150,000	7/21/08	3.39%	0.54	
FEDERAL HOME LN MTG 2.65 30MAY2008	GOVT	3128X1HM2	10,000,000	9,815,700	9,910,500	22,819	5/30/08	2.67%	0.41	
FEDERAL NATL MTG ASS 2.65 30JUN2008	GOVT	3136F3D29	10,000,000	9,818,750	9,912,500	736	6/30/08	2.67%	0.49	
U.S. Agencies		Total	30,000,000	29,700,075	29,769,875	173,556	178.8	2.91%	0.48	
U.S. Treasuries		Total	-	-	-	-	-	0.00%	-	
Corporate Bonds		Total	-	-	-	-	-	0.00%	-	
Bankers Acceptances - Discount		Total	-	-	-	-	-	0.00%	-	
EXTERNAL INVESTMENTS (LONG TERM) TOTAL										
			30,000,000	29,700,075	29,769,875	173,556	178.8	2.91%	0.48	
LONG TERM FUNDS										
			1,018,905,000	1,011,233,107	1,022,911,449	11,286,529	802.0	4.43%	0.91	
TOTAL FUNDS										
			1,737,981,613	1,729,242,257	1,742,025,976	16,393,775	654.5	4.44%	0.65	
OTHER ASSETS										
Health SAVRS		572965	3,048,005	3,048,005	3,048,005	31,269	4/22/19	4.77%	11.32	
Other		Total	3,048,005.23	3,048,005.23	3,048,005.23	31,268.78	4,130.0	4.77%	11.32	